

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SWF-01 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-01 INR-05 NSAE-00 RSC-01 CIEP-01 SP-02

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INFO AMEMBASSY BONN

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AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, EEC, ACP, UK, EAID

SUBJECT: EC/ACP NEGOTIATIONS -- STABILIZATION OF EXPORT
EARNINGS

REF: (A) STATE 271501, (B) EC BRUSSELS 8770.

(C) EC BRUSSELS 8850

1. WE CONVEYED, ON AN INFORMAL BASIS, THE US POSITION
CONTAINED REFTEL A TO ERIC WRIGHT, ASSISTANT SECRETARY,
DEPARTMENT OF TRADE. (WRIGHT HAD ASKED US ABOUT US
ATTITUDES TOWARD THE EC/ACP EXPORT EARNINGS STABILIZA-
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TION SCHEME SOON AFTER AN EC COMMISSION OFFICIAL RAISED

THE MATTER WITH USEC -- REFB.)

2. WRIGHT SAID THAT THE UK'S OWN APPROACH WAS REMARKABLY SIMILAR TO ONE DESCRIBED IN REF A. HE TOLD US THAT THE BASIC SHAPE OF THE SCHEME HAS NOW BEEN AGREED AT THE WORKING LEVEL. THE FINAL DECISION WILL BE TAKEN AT AN EC/ACP MINISTERIAL MEETING, NOW LIKELY TO TAKE PLACE IN JANUARY.

3. THE COMMUNITY IS CONTINUING TO INSIST THAT THE SIZE OF THE STABILIZATION FUND SHOULD BE LIMITED TO 450 MILLION UNITS OF ACCOUNT, COVERING THE FIVE-YEAR DURATION OF THE CONVENTION. THE ACP COUNTRIES ARE PUSHING FOR MORE, BUT WRIGHT SAID THAT THE UK AND GERMANS IN PARTICULAR ARE UNLIKELY TO AGREE TO ANY INCREASES.

4. THE COMMUNITY'S PRODUCT LIST (REF C) NOW CONSISTS OF: PEANUTS AND PEANUT PRODUCTS, COCOA AND COCA PRODUCTS, COFFEE AND COFFEE PRODUCTS, COTTON AND COTTON WASTE, COCOANUTS AND COCOANUT PRODUCTS (MAINLY COPRA), PALM OIL, HIDES AND SKINS, TIMBER, BANANAS, TEA AND SISAL. THE ACP COUNTRIES ARE STILL PUSHING FOR THE INCLUSION OF OTHER PRODUCTS (INCLUDING CERTAIN MINERALS), BUT WRIGHT EXPECTS THAT THE COMMUNITY WILL SUCCEED IN HOLDING THE LINE AT THE PRESENT LIST

5. WRIGHT SAID THAT THE SCHEME IS "AS HARMLESS AS IT CAN BE" IN RELATION TO THE CONCERNS RAISED IN PARA 2 OF REF A. IT WILL DEFINITELY NOT SHIFT THE BURDEN OF ADJUSTMENT IN PRODUCTION TO NON-PARTICIPATING COUNTRIES, BECAUSE IT INVOLVES NO SALES GUARANTEES. NOR DOES IT INCLUDE ANY SUPPLY COMMITMENTS OF ANY KIND. ITS EFFECTS ON COMMODITY MARKET PRICES AND TRADE PATTERNS WILL BE VERY INDIRECT AND MARGINAL. BASICALLY, THIS IS AN INSURANCE SCHEME, WRIGHT SAID, NOT AN ATTEMPT TO REGULATE TRADE.

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